



# The Commonwealth of Massachusetts Group Insurance Commission



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## MUNICIPAL GROUP INSURANCE LAW QUESTIONS AND ANSWERS

*Updated September 17, 2008*

The new Municipal Group Insurance Law known as Chapter 67 of the Acts of 2007 was signed into law on July 25, 2007 and became effective on that date. Below are some questions and answers about the law's terms and conditions for joining the GIC's health coverage.

### DECIDING WHETHER TO JOIN GIC COVERAGE

Under the new law, who may join GIC coverage?

Cities, towns and districts, regional councils of government and regional planning agencies, education collaboratives and charter schools may join. **In this document, the term "Municipal Employer" is used to refer to all of these entities unless otherwise specified.**

Must a Municipal Employer vote to adopt section 19 of Mass. General Laws chapter 32B in order to join the GIC's health coverage?

Cities, towns and districts must formally adopt section 19's local option to join the GIC's health coverage. Other Municipal Employers do not have to adopt section 19.

What is the process for joining GIC health coverage?

*Unionized Municipal Employers* decide with their unions, negotiating as a group, whether to join GIC health coverage. The parties draft a written agreement to join GIC health coverage and send it to the GIC as its notice of intent to join GIC coverage. Receipt of the agreement will begin the implementation process for the Municipal Employer's transfer to GIC health coverage. Agreements must be received by the GIC by October 1 of any year in order to begin work to transfer municipal subscribers to GIC health coverage that begins the following July 1. (For important details about the coalition bargaining process and a model agreement, contact the Metropolitan Area Planning Council at 617/451-2770 or log on to "Health Insurance Action Center" on its website at [www.mapc.org](http://www.mapc.org).)

*Non-union Municipal Employers* decide as follows: a non-union city, town or district's Chief Executive Officer decides whether to join GIC coverage; a non-union education collaborative decides by a majority vote of its Board of Directors; a Commonwealth charter school decides by a majority vote of its Board of Trustees; a non-union regional planning agency or regional council of government decides by a majority vote of its governing board. Non-union Municipal Employers must send a letter to the GIC as its notice of intent to join GIC coverage by October 1 of any year for coverage to begin the following July 1. Additional notice requirements can be found in the "Notice of Intent" section of this document.

If only some of a Municipal Employer's employees are unionized, how does the employer determine whether to join GIC coverage?

The unions' vote determines whether all of the Municipal Employer's eligible subscribers join GIC health coverage. Contact MAPC at 617/451-2770 or log on to MAPC's website, [www.mapc.org](http://www.mapc.org), for more information about the approval process.

Are Municipal Employers required to re-enroll for GIC coverage each year?

No. Municipal Employers who join GIC coverage must remain in GIC coverage for a minimum of three years, and may withdraw from GIC coverage at three or six year intervals.

## **THE AGREEMENT**

(Unionized Municipal Employers)

What must be in the bargained agreement to join GIC health coverage?

Three issues: (1) whether to join GIC health coverage; (2) the health premium contribution ratios for the Municipal Employer's subscribers, which can differ only by type of plan (PPO, HMO or Indemnity) and not by type of subscriber (active, retired or survivor); and (3) the terms for revocation of section 19 if the Municipal Employer or its subscribers wish to withdraw after three or six years of enrollment in GIC health coverage.

May we bargain benefits and carriers?

No. For Municipal Employers joining GIC health coverage, the law suspends all collective bargaining related to municipal subscribers' health insurance except the level of their GIC health premium contribution ratios. The law vests with the GIC the exclusive authority to determine all other matters relating to municipal subscribers' GIC health insurance rights, responsibilities, cost and payment obligations, including, for example, the manner and method of payment, eligibility requirements and choice of benefits and health carriers.

May we negotiate to give subscribers incentives to join GIC health coverage?  
With the exception of reimbursing enrollees' Medicare Part B premiums (which is a local option), the law prohibits Municipal Employers from

- altering the choice of health carriers, health benefits and subscribers' out-of-pocket costs;
- offering health benefits or health benefit compensation not otherwise provided to other GIC subscribers;
- making contributions to offset GIC health premium or specific health benefits, including compensating the difference between current municipal benefits and GIC benefits; or
- obligating the GIC's municipal coverage to pay for health claims that were incurred but not reported before the Municipal Employer's subscribers' GIC coverage became effective.

**Violations of the prohibition described here will result in termination of the municipal subscribers' GIC coverage.** Municipal Employers are urged to contact the GIC with questions about possible incentives before they execute PEC agreements.

## **HEALTH PREMIUM CONTRIBUTIONS**

Who determines the health premium contribution ratios?

*Unionized Municipal Employers* determine the premium contribution ratios with their unions through coalition bargaining. *Non-union charter schools and education collaboratives, regional planning agencies and regional councils of government* receive GIC coverage through the GIC's statute (Mass. General Laws chapter 32A); therefore, their health premium contribution ratios are the same as those set by the Legislature each year for state employees and retirees.

May health premium contribution ratios differ by the type of subscriber (actives vs. retirees vs. survivors)?

No; the law requires that they be covered at the same ratio, differing only by type of plan (i.e., HMO, PPO, or Indemnity). The law provides an exception for Retired Municipal Teachers (RMTs) and Elderly Governmental Retirees (EGRs) who transfer from the GIC's RMT or EGR coverage to its Municipal Employer health coverage: once transferred, their premium contribution ratios must be no more than the lower of 25% of premium or the health premium contribution ratios for all others in the pool, depending on the type of plan.

Is there a minimum and/or maximum premium contribution percentage that Municipal Employers or employees/retirees must pay for GIC health coverage?

Yes:

- Municipal Employers must pay between 50% and 99% of their subscribers' health premium.
- As stated above, the maximum health premium contribution for Retired Municipal Teachers and Elderly Governmental Retirees who transfer from the GIC's EGR and RMT coverage to the GIC's Municipal Employer health coverage can be no more than 25% (and may be less than 25%).
- Municipal Employers' premium contribution for The Indemnity Plan's Medicare Extension plan cannot be less than the minimum percentage that it contributes to any other health plan offered by the GIC.

**What types of plans does the GIC offer employees and Non-Medicare retirees?**

There are three types of plans: HMO, PPO-type and Indemnity. The current plan options are as follows:

HMOs: Fallon Community Health Plan Direct, Fallon Community Health Plan Select, Health New England and NHP Care (Neighborhood Health Plan).

PPO Type: Harvard Pilgrim Independence Plan, Navigator by Tufts Health Plan, UniCare State Indemnity Plan/Community Choice and UniCare State Indemnity Plan/PLUS.

Indemnity: The UniCare State Indemnity Plan/Basic.

**What are our options for premium contribution ratios for GIC Medicare Plans?**

The GIC offers two types of Medicare plan options:

- Indemnity: The UniCare State Indemnity Plan/Medicare Extension and Harvard Pilgrim Medicare Enhance
- HMO: Fallon Senior Plan, Health New England MedPlus, Tufts Health Plan Medicare Complement and Tufts Health Plan Medicare Preferred

State law requires that health premium contributions be determined by the type of plan, NOT by type of enrollee. Acceptable contribution ratios are below:

- one ratio for all Medicare plans;
- one for Medicare HMO Plans + one for Medicare Indemnity Plans; or
- one ratio for the Medicare HMO plans and one or two Indemnity Plan Medicare ratios. \*\*\* *deleted the rule mentioned earlier in the doc about "less than the minimum percentage requirement"*

Premium contribution ratio rules for Elderly Governmental Retirees (EGRs) and Retired Municipal Teachers (RMTs) who transfer from the GIC's EGR and RMT coverage are outlined above.

## NOTICE OF INTENT

### What documents must a Municipal Employer file with the GIC as its notice of intent to join GIC health coverage?

*Unionized Municipal Employers* must provide two documents to the GIC by October 1: (1) a copy of the signed and executed bargained agreement to join GIC health coverage; and (2) a cover letter from an authorized official of the Municipal Employer confirming the Municipal Employer's intent to join GIC health coverage.

As to *non-union Municipal Employers*, Commonwealth charter schools must provide a certified copy of a majority vote of their board of trustees to join GIC coverage; non-union education collaboratives must provide a certified copy of their board of directors' majority vote to join GIC coverage. Regional planning agencies and regional councils of government must provide a letter from their governing board stating their decision to join GIC coverage, and non-union cities, towns, and districts must send a letter from their Chief Executive Officer stating their decision to transfer the Municipal Employer's subscribers to GIC coverage. **All notices of intent must be filed by October 1 of any year for coverage to begin the following July 1.**

### Why must Municipal Employers give notice of intent so far in advance?

Municipal Employers must give notice by October 1 because the GIC and their health carriers need to know the size of the pool with enough time to more accurately price their proposed rates, which occurs in November of each year for coverage the following July. In addition, there is a great deal of implementation work required for Municipal Employers and the GIC in order to transfer subscribers to GIC coverage the following July 1. Regardless of the number of subscribers to be transferred, each Municipal Employer has information systems exchanges and testing to be done with the GIC, subscriber communications to draft, multiple implementation meetings to be held, eligibility verification and documents to be collected for all subscribers and their dependents, fiscal arrangements, and enrollment activities -- all of which must be completed before coverage can begin.

### What happens if Municipal Employers miss the notice deadline?

Municipal Employers may file their required documents in subsequent years, by October 1 for coverage to begin the following July 1.

### Where must notices of intent to join GIC coverage be sent?

All notices must be sent to: Executive Director, Group Insurance Commission, P.O. Box 8747, Boston, MA 02114-8747.

## WHO'S COVERED

Must Municipal Employers transfer all of their subscribers to GIC health coverage, or may they enroll only certain groups?

The law requires that Municipal Employers enroll all of their eligible subscribers, including Retired Municipal Teachers and Elderly Governmental Retirees, in GIC health coverage.

Must Municipal Employers cover their retirees, survivors and dependents if they decide to join GIC coverage?

Yes. All eligible active employees, retired employees, survivors and dependents, including all Retired Municipal Teachers and Elderly Governmental Retirees, must be offered GIC coverage.

Our retired teachers are currently in the GIC's Retired Municipal Teachers (RMTs) program; we also have some Elderly Governmental Retirees (EGRs) who have GIC Elderly Governmental Retiree coverage. Can they stay in GIC health coverage when we join?

Yes, **but Retired Municipal Teachers will no longer be in the GIC's RMT program. Instead, they will be transferred to the same pool that their non-RMT/non-EGR colleagues (and state employees/retirees) join, and will have the same health plan choices as other subscribers in the pool. There will be no lapse in their GIC health coverage if they sign up during annual enrollment.**

Our municipality participates in the GIC's RMT and EGR programs; how can a Municipal Employer obtain the contact information for its RMTs and EGRs?

Send an email to Paul Murphy ([paul.murphy@gic.state.ma.us](mailto:paul.murphy@gic.state.ma.us)) and John Harney ([john.harney@gic.state.ma.us](mailto:john.harney@gic.state.ma.us)) at the GIC with your request and the name of your municipality. Allow turnaround time of up to four days. Our systems staff will send the information by secure email to the Municipal Employer.

Besides the potential premium contribution ratio change for our RMTs and EGRs currently insured under the GIC, are there any other changes to their coverage?

RMTs will only receive health benefits under the GIC once the municipality joins the GIC; they no longer will have GIC basic life insurance benefits or GIC retiree dental benefits effective July 1. Former RMTs must be provided life insurance coverage in the municipality's plan in accordance with the provisions of Chapter 32B. EGRs will be eligible only for GIC health insurance.

If we decide to leave GIC health coverage after joining it, may our Retired Municipal Teachers and Elderly Governmental Retirees return to the GIC's RMT and EGR coverage?

According to the law, they cannot transfer back to the RMT or EGR program when their Municipal Employer withdraws from GIC coverage.

## **OTHER BENEFITS**

Are unionized Municipal Employers' subscribers eligible for other GIC benefits?

No, the law specifies that unionized Municipal Employers' subscribers are eligible only for the GIC's health coverage. Other non-health benefits currently provided by these Municipal Employers will continue to be their responsibility.

Are non-union cities, towns and districts eligible for other GIC benefits?

No. According to the new law, they join GIC health coverage by adopting Mass. General Laws chapter 32B, section 19, and thus are eligible only for the GIC's health coverage. Other benefits currently provided by Municipal Employers will continue to be the Municipal Employers' responsibility.

Since non-union charter schools and education collaborative subscribers join GIC health coverage through the GIC's law (as opposed to Chapter 32B, section 19), are they eligible for other GIC benefits?

Yes. Under the new law, all Municipal Employers who join GIC coverage through the GIC's law, Mass. General Laws chapter 32A – Commonwealth charter schools and non-union education collaboratives, regional planning agencies and regional councils of government – are eligible to receive other GIC state employee and retiree benefits. These entities may log on to the GIC's website at [www.mass.gov/gic](http://www.mass.gov/gic) for more information about additional GIC benefits.

May RMTs keep their other GIC benefits – life insurance and retiree dental coverage - when they transfer to the same pool as their former Municipal Employers' subscribers?

No; Municipal Employers will be responsible for offering to former RMTs the non-health benefits that they currently offer to their other retiree subscribers.

## MEDICARE

Is there anything Medicare-age retirees must do in order to join GIC health coverage?

**Yes.** Medicare age retirees (65 years and older) must contact their local Social Security Office to see if they are eligible to join Medicare, because **they may be eligible due to their work history or through their spouse.** All retirees age 65 years and older who seek to join GIC health coverage must obtain a letter from the Social Security Administration that documents that they are or are not Medicare eligible, and they must give a copy of the letter to the Municipal Employer. If they are Medicare eligible, they must enroll in Medicare soon after the Municipal Employer files its notice of intent (by October 1 of any year) to join the GIC. **They must enroll in Medicare before the following July 1 in order to have GIC coverage at that time.** Medicare annual enrollment runs from January 1 to March 31 of each year.

We have not adopted the local option in Chapter 32B requiring all Medicare-eligible retirees to join Medicare. Do our Medicare-eligible subscribers need to enroll in Medicare before joining the GIC?

**Yes.** Municipal Employers must, immediately after providing notice of intention to join the GIC coverage by October 1 of any year, contact their retirees who are 65 years or older to inform them that:

- **All retirees age 65 or older are required to contact the Social Security Administration to obtain a letter to give to their employer documenting that they either are or are not eligible for Medicare;**
- **They must sign up for Medicare Part B if they are eligible for Part A for free in order to have GIC health coverage by the following July 1; and**
- **the Medicare annual enrollment period for Medicare Part B begins January 1 and ends March 31 for health coverage effective July 1<sup>st</sup>.**

Who must pay the Medicare Part B premium penalty, if any, for persons enrolling in Medicare Part B?

By law, Municipal Employers must pay the penalty if it is entering GIC coverage through section 19. It will be up to the municipality to refund or reimburse its retirees for their share.

How will Municipal Employers obtain their Medicare Part D subsidy?

The GIC submits the subsidy information for its Medicare plans eligible for the subsidy. Following the subsidy reconciliation, the GIC will credit the municipality's invoice on a proportional basis to the number of insureds the municipality has enrolled in these plans.

## **FISCAL**

Is there an administrative cost for joining GIC coverage?

Yes, the law requires an administrative fee of up to 1% of total premium per year to pay for the GIC Municipal Employer program's significantly increased systems, operations, customized communications, customer service, and other services costs needed to accommodate and cover Municipal Employers' subscribers each year.

Will the administrative fee be included in Municipal Employers' and their subscribers' share of health premium?

Yes, the law requires that the fee be included in their respective health premium contributions.

May brokers' fees be factored into Municipal Employers' and their subscribers' premium contributions to GIC coverage?

No. Since the GIC and its consultant will be performing the services that brokers perform, there will be no need for any brokers' fees. The GIC prohibits the payment of any such fees.

## **SYSTEMS**

How do we physically exchange eligibility and other forms of electronic data with the GIC?

All Municipal Employers exchange data using the State's secure e-mail system (SFED). The GIC's IT staff will provide information on how to use this process. All data exchanges will require the Municipal Employer to use the standard formats developed by the GIC for each particular file process.

Are there any other technical requirements that we need to know?

The GIC requires that all Municipal Employers designate a technical contact in order to ensure that all data exchanges are handled in a timely and efficient manner. The GIC IT staff will endeavor to assist Municipal Employers with the IT requirements.

## **OPERATIONS**

Are there administrative tasks that the Municipal Employer must continue to provide once its subscribers transfer to GIC coverage?

Yes; the Municipal Employer must collect and provide to the GIC all information necessary to maintain subscribers and covered dependents' coverage. The Municipal Employer will perform administrative functions and process information as necessary to maintain the coverage, including family and personnel status changes, enrollment activities, reporting enrollee changes monthly to the GIC and otherwise communicating with subscribers and the GIC as necessary. The GIC will provide detailed information to Municipal Employers about implementation when they submit their notice of intent to the GIC.

**What is the effective date of GIC coverage for new hires?**

Eligible new municipal hires will be insured on the first day of the month following 60 calendar days or two calendar months, whichever is less. Eligible employees who makes timely application to join GIC coverage will be insured on the first day of the month following the earlier of 60 calendar days or two calendar months. The reason for the waiting period has to do with the complexities of collecting and distributing the necessary documents across a number of plans, agencies and other vendors and to begin to deduct new enrollees' premium in advance of coverage.

Municipal Employers are required to deduct the employee's share of the health insurance premium one month in advance of the effective date of coverage or the monthly premium due date. This means that for coverage effective July 1, the employee portion of the premium should be deducted in June for July premium.

**What is the termination date of GIC coverage for employees who leave municipal service?**

If a municipal employee terminates employment with the municipality, coverage will end at the end of the month following the month the employee leaves municipal service. If the Municipal employee's premium has not been paid in full and on time, coverage will end sooner.

## **COMMISSION REPRESENTATION**

Will Municipalities have representation on the Commission?

Yes. Several new GIC Commissioners representing municipalities are to be added (a labor representative nominated by the Mass. Teachers Association, and a management representative nominated by the Mass. Municipal Association). After 45,000 additional municipal subscribers have enrolled, two more Commissioners - also representing labor (nominated by a public safety union) and management (a second MMA nominee) - will be added.

## **MISCELLANEOUS**

Where can I find more information about this law?

[www.MAPC.org](http://www.MAPC.org)

[www.MMA.org](http://www.MMA.org)

[www.mass.gov/gic](http://www.mass.gov/gic)